

INTELLIVISION HOLDINGS LLC

Convertible Subordinated Promissory Notes

SUBSCRIPTION DOCUMENTS

**Intellivision Holdings LLC
18218 McDermott E, Suite D
Irvine, CA 92614**

**PLEASE CAREFULLY REVIEW AND FOLLOW THE INSTRUCTIONS
IMMEDIATELY FOLLOWING THIS COVER PAGE**

INTELLIVISION HOLDINGS LLC

Offering of Convertible Subordinated Promissory Notes

Investment Instructions

The Convertible Subordinated Promissory Notes (the “Notes”) offered by Intellivision Holdings LLC, a California limited liability company (the “Company”), are being offered (the “Notes Offering”) to its existing members, and, on a limited basis, to prospective investors who qualify as “accredited investors” within the meaning of Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (each an “Investor”, and together, “Investors”).

Unless otherwise approved by the Company in its sole discretion, the Notes will be issued in principal amount increments of \$25,000, with a minimum investment for each Investor of \$25,000. The Company may have one or more closings of the sale and purchase of the Notes at any time prior to March 31, 2020, with an aggregate amount received by the Company from the Notes Offering not to exceed \$1,250,000.

Any person or entity who meets the suitability standards set forth herein and who desires to purchase the Notes offered hereby shall be required to deliver a signed and completed original of the Agreement attached hereto indicating the principal amount of the Note such Investor desires to purchase, together with payment equal to the principal amount of such Note by check or wire transfer.

The Company reserves the right to accept or reject any subscription for Notes for any reason whatsoever or allot a lower principal amount on any Note than that subscribed for by any Investor. If a subscription is rejected or reduced by the Company, all funds tendered but not accepted for investment will be returned to Investor, without interest, promptly after such rejection or reduction, together with written notice thereof.

Investors who desire to participate in the Notes Offering should complete the following steps by March 31, 2020:

- (1) Complete and sign the Agreement and return the documents (by mail, facsimile or e-mail) to the following address:

Intellivision Holdings LLC
18218 McDermott E, Suite C
Irvine, CA 92614
Attn: Tommy Tallarico and Nick Richards
E-mail: tommy@intellivisionentertainment.com and
nick@intellivisionentertainment.com

(2) Pay the purchase price for the Note by check or wire transfer. Checks should be made payable to “Intellivision Holdings, LLC” and sent to the address in (1) above. Wire transfers should be sent to:

Bank Name: **Silicon Valley Bank**

Routing No.: **121140399**

City, State: **Irvine, CA**

Account No.: **3302637965**

Account Name: **Intellivision Entertainment, LLC**

The Company will hold the intended subscription funds until the applicable closing date for such subscription, as determined by the Company. The Company reserves the right to accept or reject any subscription for Notes for any reason whatsoever or allot a lower principal amount on any Note subscribed for by any Investor.

If any subscription is not accepted, in whole or in part, for any reason, the Company will return the funds tendered with respect to the rejected portion of the subscription to the Investor, without interest. If a subscription is accepted, in whole or in part, a copy of the executed Agreement, signed by the Company, will be returned to the Investor.

If you do not wish to participate in the Notes Offering, please return any documents and information received in connection with the Company and the Notes Offering to the address in (1) above.

INTELLIVISION HOLDINGS LLC
SUBSCRIPTION AGREEMENT

Intellivision Holdings LLC
18218 McDermott E, Suite D
Irvine, CA 92614
Attn: Tommy Tallarico and Nick Richards
E-mail: tommy@intellivisionentertainment.com and
nick@intellivisionentertainment.com

Ladies and Gentlemen:

The undersigned (“Investor”) hereby tenders this subscription (this “Agreement”) to purchase from Intellivision Holdings, LLC, a California limited liability company (the “Company”), a Convertible Subordinated Promissory Note in the principal amount indicated on the signature page hereto, in substantially the form attached hereto as Exhibit A (the “Note”). The purchase price for the Note shall be equal to the principal amount of the Note. The Note, and, to the extent applicable, the membership interests of the Company into which the Note may be converted are sometimes collectively referred to herein as the “Securities”. Contemporaneously herewith, Investor is delivering to the Company payment for the Note being subscribed for pursuant hereto (by check, made payable to the order of “Intellivision Holdings, LLC”, or wire transfer of immediately available funds to the account designated by the Company). Purchaser understands that its subscription to purchase the Securities hereunder is irrevocable by Purchaser.

Investor understands that this subscription may be rejected by the Company, in whole or in part, at its sole and absolute discretion, for any reason or for no reason, and shall be deemed accepted by the Company only when it is signed by an authorized officer of the Company, at which time this Agreement shall become effective and binding. If the Company declines to accept this subscription in whole, Investor will be immediately released from all obligations hereunder and all funds paid hereunder will be promptly returned to Investor, without interest. If the Company declines to accept this subscription in part, the portion of the funds paid hereunder but not accepted for investment will be returned Investor, without interest, promptly after such rejection, together with written notice thereof.

1. Representations and Warranties of Investor. Investor hereby represents and warrants to the Company as follows:

(a) Investor has been given full and complete access to information regarding the Company and has utilized such access to Investor’s satisfaction for the purpose of obtaining such information regarding the Company as Investor has reasonably requested; and, particularly, Investor has been given reasonable opportunity to ask questions of, and receive answers from, authorized representatives of the Company concerning the terms and conditions of the offering of the Notes and to obtain any additional information;

(b) Investor, either alone or with the assistance of Investor's professional advisors, has such knowledge and experience in financial and business matters that Investor is capable of evaluating the merits and risk of an investment in the Securities and has determined that the Securities are a suitable investment for Investor;

(c) Investor has the financial ability to hold the Securities for an indefinite period of time and is able to bear the economic risk of its investment in the Company, including the complete loss of its investment;

(d) Investor is acquiring the Securities for Investor's own account, for investment purposes only, and not with a view to or for the resale or distribution thereof, in whole or in part;

(e) Investor, if other than an individual, was not organized for the specific purpose of acquiring the Securities;

(f) Investor acknowledges that Investor is not subscribing pursuant hereto for any Securities as a result of or subsequent to (i) any advertisement, article, notice or other communications published in any newspaper, magazine or similar media or broadcast over television or radio, or (ii) any seminar or meeting whose attendees, including Investor, had been invited as a result of, subsequent to or pursuant to any of the foregoing;

(g) The execution, delivery and performance by Investor of this Agreement are within the powers of Investor, have been duly authorized and will not constitute or result in a breach or default under, or conflict with, any order, ruling or regulation of any court or other tribunal or of any governmental commission or agency, or any agreement or other undertaking, to which Investor is a party or by which Investor is bound, and, if Investor is not an individual, will not violate any provisions of the certificate of incorporation, bylaws, partnership agreement, trust agreement or similar organizational documents, as may be applicable, of Investor. Investor agrees to provide copies of any such documents to the Company upon the Company's request. The signature on this agreement is genuine, and the signatory, if Investor is an individual, has legal competence and capacity to execute the same, or, if Investor is not an individual, the signatory has been duly authorized to execute the same. This Agreement constitutes a legal, valid and binding obligation of Investor, enforceable in accordance with its terms (subject, as to the enforcement of remedies, to any applicable bankruptcy, insolvency or other laws affecting the enforcement of creditors rights);

(h) No representations or warranties except those contained herein have been made to Investor by the Company or any officer, employee, agent or affiliate of the Company;

(i) Any information which Investor has heretofore furnished, herewith furnishes and may furnish to the Company is correct and complete and, if there should be any material change in such information Investor will immediately furnish such revised or corrected information to the Company;

(j) Investor has not reproduced, duplicated or delivered the Company's Amended and Restated Limited Liability Company Agreement (the "Operating Agreement"), this

Agreement or any related documents or information to any other person, except professional advisors to Investor or as instructed by the Company;

(k) Investor has consulted with, to the extent Investor deems necessary, Investor's own advisors with respect to the risks inherent in an investment in the Securities, and the suitability of an investment in the Securities in light of Investor's financial condition and investment needs, and Investor has consulted and relied upon Investor's own tax advisors as to the federal and state tax consequences of such investment;

(l) Investor understands that (i) the Securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or registered or qualified under the securities laws of any state and, therefore, may not be resold unless they are subsequently registered or qualified for sale under such laws or exemptions from such registration and qualification requirements are available, (ii) the Operating Agreement imposes certain other restrictions on transfer of the Securities and (iii) any certificate(s) evidencing the Securities will bear the following legends or a substantial equivalent:

THE SECURITIES REPRESENTED BY AND UNDERLYING THIS NOTE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR REGISTERED OR QUALIFIED UNDER ANY APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES MAY NOT BE SOLD, PLEDGED, HYPOTHECATED, TRANSFERRED OR OTHERWISE CONVEYED EXCEPT IN COMPLIANCE WITH THE ACT AND ALL APPLICABLE STATE SECURITIES LAWS.

THE SALE, PLEDGE, HYPOTHECATION, TRANSFER OR OTHER CONVEYANCE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO AND RESTRICTED BY THE TERMS AND CONDITIONS OF A LIMITED LIABILITY COMPANY AGREEMENT BY AND AMONG THE COMPANY AND THE HOLDERS OF SUCH SECURITIES. A COPY OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.

(m) Investor further understands that there is presently no public market for the Securities and that there may never be such a market and that Investor may be unable to liquidate this investment in the event of an emergency;

(n) Investor is a bona fide resident of, is domiciled in and received the offer and made the decision to invest in the Securities in the state indicated as the address for Investor as set forth on the signature page hereof; and

(o) **Mark or initial one of the following:**

☐ Investor is NOT an “accredited investor” as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act; OR

☐ Investor is an “accredited investor” as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act by virtue of satisfying the conditions set forth in the category(ies) marked below (and Investor agrees to furnish any additional information which the Company deems necessary in order to verify the answers set forth below):

[mark or initial all applicable categories]

_____ a natural person who has an individual net worth, or joint net worth with Investor’s spouse, in excess of \$1,000,000; **(See note in box below for calculation of net worth.)**

_____ a natural person who had individual income (exclusive of any income attributable to Investor’s spouse) of more than \$200,000 in each of the two most recent calendar years or joint income with Investor’s spouse in excess of \$300,000 for each of those years, and Investor reasonably expects to reach the same income level in the current calendar year;

_____ a director or executive officer of the Company;

_____ a trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Securities, whose purchase of the Securities is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D promulgated under the Securities Act;

_____ a self-directed plan (i.e., a tax-qualified defined contribution plan in which a participant may exercise control over the investment of assets credited to his or her account) in which all persons directing the investment in the Company are accredited investors. The Company, in its sole discretion, may request information regarding the basis on which such participants are accredited;

_____ an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the Securities, with total assets in excess of \$5,000,000; and/or

_____ an entity in which all of the equity owners meet one of the requirements of above. **(See note in box below for calculation of net worth.)**

***NOTE: In calculating the \$1,000,000 net worth threshold for the accredited investor representation in Section 1(o) above:**

- (A) Investor's primary residence shall not be included as an asset;
- (B) Indebtedness that is secured by Investor's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of the Securities subscribed for hereby, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of acquisition of the Securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and
- (C) Indebtedness that is secured by Investor's primary residence in excess of the estimated fair market value of such residence shall be included as a liability.

2. Indemnification. Investor understands the significance to the Company of the representations and warranties set forth in Section 1 hereof and understands that the Company will rely on these representations and warranties. Investor hereby agrees to defend, indemnify and hold harmless the Company and each of its officers, employees, directors, managers, control persons, affiliates, representatives, attorneys, accountants and agents from and against all demands, damages, losses, liabilities, costs and expenses (including attorneys' fees, judgments, fines, amounts paid in settlement) incurred as a result of, or arising from, Investor's breach of any of the representations, warranties or agreements made herein or in any other agreement or document executed by Investor in connection herewith.

3. Representations and Warranties of the Company. The Company hereby represents and warrants to Investor as follows:

(a) The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate power and authority to carry on its business as presently conducted;

(b) The Company has the power and authority to execute, deliver and perform this Agreement and to issue, sell, and deliver the Securities being sold hereunder;

(c) Upon the acceptance and execution of this Agreement by the Company, this Agreement will be duly executed and will constitute a legal, valid and binding obligation of the Company enforceable in accordance with its terms; and

(d) The Company has reserved a sufficient number of shares of Class A Units to permit the conversion of the Note being issued hereunder and such Class A Units, when issued in accordance with the provisions of the Note, will constitute duly authorized, validly issued, fully paid and nonassessable units of the Company.

4. Use of Proceeds. The proceeds to the Company from the issuance of Notes hereunder will be used for working capital and other general corporate purposes.

5. No Revocation. Investor understands and agrees that this Agreement is irrevocable by Investor and that this Agreement shall survive the death or disability of Investor.

6. Termination of Agreement. If this subscription is rejected by the Company, then this Agreement shall be null and void and of no further force and effect, and Investor shall have no rights hereunder, and the Company shall promptly return or cause to be returned to Investor the funds tendered herewith without interest.

7. Notices. All notices or other communications given or made hereunder shall be in writing and shall be (i) personally delivered, (ii) sent by registered or certified mail, return receipt requested, postage prepaid, (iii) sent by facsimile with written confirmation of receipt or (iv) sent by e-mail, provided that if a notice or communication is sent by e-mail, a copy of any such notice or communications must also be sent no later than the next business day via another delivery method allowed by this Section 7. All notices or other communications shall be sent, if to Investor, to the address set forth on Investor's signature page hereto and, if to the Company, to the address set forth on the first page hereof, or at such other place as the Company or Investor may designate by written notice to the other party.

8. Expenses. Except as provided in Section 2 hereof, each party will pay its own expenses relating to this Agreement and the purchase of the Securities contemplated hereby.

9. Amendments. This Agreement and any term hereof may be changed, waived, discharged or terminated only with the written consent of Investor and the Company.

10. Counterparts. This Agreement may be executed in any number of counterparts and may be delivered by facsimile, PDF or other electronic document format, each of which shall be an original but all of which taken together shall constitute one and the same instrument.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

12. Severability. In case any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

13. Lock Up Agreement. Investor hereby agrees that (i) during the period of time (not to exceed 180 days) (the "lock-up period") specified by any underwriter or underwriters of the Company's equity securities (or convertible debt securities) following the date of any sale to the general public pursuant to a registration statement of the Company filed under the Securities Act, Investor shall not, to the extent requested by such underwriter or underwriters or the Company, directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of any equity securities of the Company held by Investor at any time during the lock-up period except securities included in such registration, (ii) Investor will execute a "lock-up agreement" for the benefit of the underwriter or underwriters in such form as such underwriter or underwriters may request for the purpose of confirming Investor's agreement as set forth in the foregoing clause and (iii) in order to enforce the foregoing, the Company shall have the right to impose stop-transfer instructions with respect to the securities of the Company held by Investor until the end of any lock-up period.

14. DISCLOSURES AND RISK FACTORS.

(a) This Agreement has been prepared on a confidential basis and may not be reproduced or used, in whole or in part, for any purpose other than evaluating a potential investment in the Securities offered hereby. None of the information contained in this Agreement may be provided to any third party other than lawyers, accountants or investment advisors who are directly involved with Investor's decision regarding a potential investment in the Securities. By accepting delivery of this Agreement, each Investor agrees to the foregoing confidentiality restrictions and agrees to return this Agreement and all other related documents provided in connection herewith if such Investor elects not to purchase Securities or if the offering described herein is withdrawn or terminated.

(b) The securities offered hereby are being offered pursuant to an exemption from the registration requirements of the Securities Act, and the securities laws of certain states and may not be sold, transferred, pledged or otherwise disposed of unless the transaction relating thereto complies with the Securities Act and the rules and regulations of the Securities and Exchange Commission (the "Commission") adopted thereunder and of appropriate state authorities and applicable state securities laws. There is no public market for such securities, and none is expected to develop in the future.

(c) The securities offered hereby have not been approved or disapproved by the Commission or the securities regulatory authority of any state, nor has the Commission or any such authority passed upon the merits of this offering of Notes or the accuracy or adequacy of this Agreement. Any representation to the contrary is unlawful.

(d) No person has been authorized to give any information or make any representations other than those contained in this Agreement and, if given or made, such information or representation must not be relied upon.

(e) This Agreement constitutes a solicitation of a commitment to purchase Securities only to the offeree to whom this Agreement is initially distributed by the Company. This Agreement does not constitute an offer to sell or a solicitation of an offer to purchase securities in any state or any other jurisdiction in which such an offer or solicitation is not authorized.

(f) Investors are instructed and encouraged to review carefully the Operating Agreement and all subscription documents prior to investing. Copies of all documents referenced herein are available from the Company upon request.

(g) The Securities offered are restricted as to transfer and resale and cannot be transferred or resold unless they have been subsequently registered under applicable securities law or an exemption from applicable securities law is available. In addition, the securities are subject to restrictions on transfer pursuant to the Operating Agreement.

(h) The information contained in this Agreement is as of the date delivered to the Investor. Neither the delivery of this Agreement at any time, nor any sale made pursuant hereto, shall imply that the information contained in this Agreement is correct as of any time subsequent to such date.

(i) The law firm of Morgan Lewis & Bockius LLP represents the Company; it does not represent any Investor with respect to the Securities, and Investor is advised to seek independent counsel and advisors for the purposes of evaluating this investment.

(j) AN INVESTMENT IN THE SECURITIES INVOLVES A HIGH DEGREE OF RISK. MORE SPECIFICALLY (AND WITHOUT LIMITATION):

RISK FACTORS

An investment in the Securities is speculative, involves a high degree of risk and should be considered only by sophisticated investors who are able to bear the economic risks of their investment for an indefinite period of time and who can afford to sustain a total loss of their investment. In addition to all of the other information contained in this Agreement, a prospective investor should carefully consider the risks and uncertainties described below before deciding to make an investment in the Company. If any of the following risks actually occur, they may materially harm the Company's business, financial condition or results of operations. In this event, the value of an investment could decline and an investor could lose all or part of such investor's investment. The risks and uncertainties described below are not the only ones facing our Company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our company and impair our business operations.

RISKS RELATED TO PROJECTIONS

Projections are subject to uncertainties and events outside our control

Any projections provided by the Company are not guarantees of future performance and are based on a number of assumptions and estimates concerning facts and events over which neither the Company nor its management will have control, and which, if they change, could produce results significantly different from those set forth in the projections. These assumptions are based upon our current expectations and information currently available to us and include, among other things, an estimate of the timing and success of our future development and operational efforts, expenditures for construction and operating expenses, gross profit margins and general industry conditions. Future results are impossible to predict with certainty and no representation or warranty of any kind is made by the Company or its management or officers or by any other person, respecting any projections or the underlying assumptions.

RISKS RELATED TO THE BUSINESS

We have no operating history

We have been in existence only since 2018 and have no significant operating history. We are in the process of developing our products and have not yet brought them to the market. As a newly formed company, we are subject to expenses and difficulties associated with implementing our business plan that are not typically encountered by more mature companies.

In addition, due to our limited operating history, we have limited financial and other information to provide to prospective investors. We have based our current and future expense levels on our operating plans and estimates of future revenues, which are difficult to forecast because they generally depend on a variety of factors, many of which are outside our control. We may be unable to adjust our spending in a timely manner to compensate for any unexpected shortfalls in expected revenues. There can be no assurance that we will ever operate profitably. Based on our limited operating history, there can be no assurance that we will be able to effectively

- drive adoption of our system;
- attract and retain customers for our products;
- implement an effective marketing strategy to promote awareness of our products;
- scale our manufacturing capacity to meet potential demand;

- avoid infringement and misappropriation of third-party intellectual property;
- obtain licenses on commercially reasonable terms to third-party intellectual property;
- obtain valid and enforceable patents that give us a competitive advantage;
- protect our proprietary technology;
- protect our systems from any equipment- or software-related system failures;
- develop and operate computer systems and related infrastructure that are adequate to manage our growth and provide our services effectively; or
- attract, retain and motivate qualified personnel

We are acquiring intellectual property from third parties and developing our own intellectual property, and challenges to the same could have a material adverse effect on our financial condition

Our success depends in part on our ability to acquire, develop and protect our intellectual property rights. We cannot be certain that we have taken adequate steps to acquire good legal title to, or to prevent misappropriation of, our technology. We also cannot be certain that we have taken adequate steps to protect our inventions through patents or our brand identities through trademarks. To date we have not sought trademark protection for our brand identities in countries outside of the United States, and this may adversely affect our ability to prevent unauthorized use of these brand identities after we have expended resources to increase their recognition. We cannot assure you that any patent applications filed by, assigned to, or licensed to us will be granted, that any patents issued to or licensed by us will provide us with any competitive advantages or adequate protection for inventions, that any patents issued to or licensed by us will not be challenged, invalidated, held to be unenforceable, or circumvented by others or that issued patents, or patents that may be issued, will provide protection against competitive products or otherwise be commercially valuable.

Our patent rights on our products might conflict with the patent rights of others, whether existing now or in the future. We cannot assure you that the inventors of the patents and applications that we own and license were the first to invent or the first to file on the claimed inventions, and if others were determined to be the first inventors, such determination could materially reduce or even eliminate the value of such patents. We also cannot assure you that a third party does not have or will not obtain patents that dominate the patents we own or license now or in the future. Consequently, we could be subject to charges of patent infringement. The defense and prosecution of patent claims are both costly and time-consuming even if the outcome is ultimately in our favor. An adverse outcome could subject us to significant liabilities to third parties, require disputed rights to be licensed from third parties or require us to cease selling the affected products. As our products are distributed in the marketplace, we expect to face opposition to our intellectual property by competitors. If we face opposition to our intellectual property, we likely will incur substantial costs defending our patents.

Additionally, we rely on trade secrets and proprietary know-how, which we seek to protect, in part, by confidentiality agreements with our collaborators, employees and consultants. We cannot assure you that these agreements will not be breached, that we will have adequate remedies for any such breach or that our trade secrets will not otherwise become known or be independently developed by competitors.

Our products are subject to the threat of piracy and unauthorized copying

Entertainment software piracy is a persistent problem in our industry. The growth in peer-to-peer networks and other channels to download pirated copies of our products, the increasing availability of broadband access to the Internet and the proliferation of technology designed to circumvent the protection measures used with our products all have contributed to an expansion in piracy. Though we take technical steps to make the unauthorized copying of our products more difficult, these efforts may not be successful in controlling the piracy of our products.

While legal protections exist to combat piracy, preventing and curbing infringement through enforcement of our intellectual property rights may be difficult, costly and time-consuming, particularly in

countries where laws are less protective of intellectual property rights. Further, the scope of the legal protection of copyright prohibitions against the circumvention of technological protection measures to protect copyrighted works are often under scrutiny by courts and governing bodies. The repeal or weakening of laws intended to combat piracy, protect intellectual property and prohibit the circumvention of technological protection measures could make it more difficult for us to adequately protect against piracy. These factors could have a negative effect on our growth and profitability in the future.

Our financial results depend on commercial acceptance of our console platform and products, and the development of additional products

Our future depends on the success of our Intellivision console platform and products. There are many competing products in the marketplace, available through a variety of media. If we are unable to displace gaming delivery systems currently in use, our market opportunity will be limited and we may not be able to achieve significant sales of our consoles or games.

Our business is intensely competitive and “hit” driven. If we do not deliver “hit” products and services or if consumers prefer our competitors’ products or services over our own, our operating results could suffer

We compete in a variety of markets, technologies and platforms with a multitude of companies with resources that are much greater than ours, including several public companies. Competition in our industry is intense and we expect new competitors to continue to emerge in the United States and abroad. While many new products and services are regularly introduced, only a relatively small number of “hit” titles accounts for a significant portion of total revenue in our industry. We expect that driving “hit” titles will require large marketing budgets and media spend. We may not recover the investments that we make in marketing and advertising on certain products and that could harm our profitability. If products or services offered by our competitors take a larger share of consumer spending than we anticipate, it could cause revenue generated from our products and services to fall below expectations. If our competitors develop and market more successful products or services, offer competitive products or services at lower price points or based on payment models perceived as offering a better value proposition (such as pay-for-play or subscription-based models), or if we do not continue to develop consistently high-quality and well-received products and services, our revenue, margins, and profitability will decline.

We have limited experience pricing and marketing our products and we may not be able to appropriately adjust our pricing and marketing efforts in response to changes in the market

We have limited experience marketing and pricing our products. As such, we cannot assure you that our expectations as to pricing and marketing of these products are appropriate. If we are unable to appropriately adjust our pricing and marketing efforts in response to changes in the console and gaming environment, we may lose market share and revenue by pricing our products too high or lose potential revenue by pricing our products lower than required to maintain or grow our market share.

If we do not consistently meet our product development schedules, our operating results will be adversely affected

Our business is expected to be highly seasonal, with highest levels of consumer demand occurring in the December quarter. If we miss key selling periods for any reason, including product delays or delayed introduction of a new platform for which we have developed products, our sales will suffer disproportionately. Our ability to meet product development schedules is affected by a number of factors, including the creative processes involved, the coordination of dispersed development teams, and the need to fine tune our products prior to their release. It is common to experience development delays for products such as ours, which may cause us to push back expected or announced release dates. Any failure to meet anticipated production or release schedules would likely result in a delay of revenue and/or possibly a significant shortfall in our revenue, increase our development expense, harm our profitability, and cause our operating results to be materially different than anticipated.

If our marketing and advertising efforts fail to resonate with our customers, our business and operating results could be adversely affected

Our products will be marketed worldwide through a diverse spectrum of advertising and promotional programs such as television and online advertising, print advertising, retail merchandising, website development and event sponsorship. Our ability to sell our products and services is dependent in part upon the success of these programs. If the marketing for our products and services fail to resonate with our customers, particularly during the critical holiday season or during other key selling periods, or if advertising rates or other media placement costs increase, these factors could have a material adverse impact on our business and operating results.

If we are unable to maintain and acquire licenses to include intellectual property owned by others in our games, or to maintain or acquire the rights to publish or distribute games developed by others, we will sell fewer hit titles and our revenue, profitability and cash flows will decline. Competition for these licenses may make them more expensive and reduce our profitability

We expect many of our products to be based on or incorporate intellectual property owned by others. Competition for these licenses and rights is intense. If we are unable to acquire or maintain these licenses and rights or obtain additional licenses or rights with significant commercial value, our revenues, profitability and cash flows will decline significantly. Competition for these licenses may also drive up the advances, guarantees and royalties that we must pay to licensors and developers, which could significantly increase our costs and reduce our profitability.

Our business is subject to risks generally associated with the entertainment industry, any of which could significantly harm our operating results

Our business is subject to risks that are generally associated with the entertainment industry, many of which are beyond our control. These risks could negatively impact our operating results and include: the popularity, price and timing of our names and the platforms on which they are played; economic conditions that adversely affect discretionary consumer spending; changes in consumer demographics; the availability and popularity of other forms of entertainment; and critical reviews and public tastes and preferences, which may change rapidly and cannot necessarily be predicted.

If we do not continue to attract and retain key personnel, we will be unable to effectively conduct our business

The market for technical, creative, marketing and other personnel essential to the development and marketing of our products and management of our businesses is extremely competitive. Our position within the interactive entertainment industry makes us a prime target for recruiting of executives and key creative talent. If we cannot successfully recruit and retain the employees we need, or replace key employees following their departure, our ability to develop and manage our business will be impaired.

Growth in our business could strain our managerial, operational, manufacturing, customer support, sales, financial and information systems resources

Our business strategy requires the development, establishment and expansion of our products. We cannot assure you that we will be able to achieve this strategy as planned, and if accomplished, such strategy may place a significant strain on our management, operations, manufacturing, sales, financial and information resources and increase our capital requirements. These increased demands could cause us to operate our business less effectively, which in turn could cause deterioration in the financial performance of our business. To increase revenues and achieve growth, we will need to establish and expand our sales efforts and continue to improve and develop our products. The future growth of our business will also require us to expand our customer support resources, including adding additional personnel for customer training and technical product support. If our customer support infrastructure does not keep pace with future growth of our customer base, we may lose customers and our reputation and future sales potential may be

harm. In addition, we expect that we will need to implement new operational, financial and managerial systems, procedures and controls and to expand, train and manage our workforce. There can be no assurance that we will be able to hire, train, retain and manage required personnel and integrate them into the existing workforce or successfully manage our growth. Future growth will also make it difficult for us to adequately predict the expenditures we will need to make in the future.

If we do not make the necessary capital or other expenditures to accommodate our anticipated growth, or if we are unable to manage our growth effectively, our business, financial condition and results of operations will suffer. We cannot anticipate all of the demands that our expanding operations will impose on our business, personnel, systems and controls and procedures, and our failure to manage growth effectively could have a material adverse effect on our business, results of operations and financial condition.

We are subject to litigation, which, if adversely determined, could cause us to incur substantial losses

We may incur significant liabilities in conjunction with legal actions and disputes, including as a result of damages, fines and penalties that may be assessed against us, as well as a result of the sometimes significant commitments of financial and management resources that are often required to defend against such legal actions. Some of these actions and disputes may not be covered under our insurance policies or our insurance carriers may seek to deny coverage. As a result, we might be required to incur significant legal fees, which may have a material adverse impact on our financial position. In addition, because we cannot predict the outcome of any action, it is possible that we will be subject to adverse judgments or settlements that could significantly reduce our earnings or result in losses. The incurrence of such liabilities and related commitments of resources could materially and adversely affect our business, financial condition and results of operations.

Federal State and local employment-related laws and regulations could increase our cost of doing business and subject us to significant back pay awards, fines and lawsuits

Our operations are subject to a variety of federal, state and local employment-related laws and regulations, including, but not limited to, the U.S. Fair Labor Standards Act, which governs such matters as minimum wages, the Family Medical Leave Act, overtime pay, compensable time, recordkeeping and other working conditions, Title VII of the Civil Rights Act, the Employee Retirement Income Security Act, the Americans with Disabilities Act, the National Labor Relations Act, regulations of the Equal Employment Opportunity Commission, regulations of the Office of Civil Rights, regulations of the Department of Labor (DOL), regulations of state attorneys general, federal and state wage and hour laws, and a variety of similar laws enacted by the federal and state governments that govern these and other employment-related matters. Because labor represents such a large portion of our operating costs, compliance with these evolving federal and state laws and regulations could substantially increase our cost of doing business while failure to do so could subject us to significant back pay awards, fines and lawsuits. In addition, federal proposals to introduce a system of mandated health insurance and flexible work time and other similar initiatives could, if implemented, adversely affect our operations. Our failure to comply with federal and state employment-related laws and regulations could have a material adverse effect on our business, financial position, results of operations and liquidity.

If our products contain undetected defects or errors or do not operate as expected, we could incur significant unexpected expenses, experience product returns and lost sales, suffer damage to our brand and reputation and be subject to product liability or other claims and product recalls

Our products are complex and may contain undetected defects, errors or failures, particularly when first introduced or when new products are released. Some errors and defects may be discovered only after a product has been purchased and used by the end-customer. To the extent our products incorporate technologies of third parties, we will be dependent on the reliability of these technologies. If our products

contain undetected defects or errors or do not operate as expected, we could experience decreased sales and increased product returns, loss of customers and market share and increased service, warranty and insurance costs. In addition, our reputation and brand could be damaged, and we could face potential legal claims regarding our products and be subject to product recalls or corrections and other field or regulatory actions. A successful product liability or other claim or product recall could result in negative publicity and further harm our reputation, result in unexpected expenses and materially adversely impact our business, financial condition and results of operations. We could expend significant funds during any litigation proceeding brought against us. Further, if a court were to require us to pay damages to a plaintiff or if we agree to pay damages in settlement of a claim, the amount of such damages could materially adversely affect our business, financial condition and results of operations.

Manufacturing risks, shortages and inefficiencies may adversely affect our ability to produce products

We must manufacture or engage third parties to manufacture our products in sufficient quantities and on a timely basis, while maintaining product quality and acceptable manufacturing costs. In determining the required quantities of our products and the manufacturing schedule, we must make significant judgments and estimates based on historical experience, inventory levels, current market trends and other related factors. Because of the inherent nature of estimates, there could be significant differences between our estimates and the actual amounts of products we require.

We do not have long-term committed agreements with our suppliers and have not arranged for alternate suppliers. It may be difficult to find alternate suppliers in a timely manner and on terms acceptable to us. Additionally, the availability of some components of our console platform may be limited as only a few outside vendors produce them. In the event that we become subject to a shortage of components or raw materials, our business, financial condition and results of operations could be materially adversely affected.

Our business and future operating results may be adversely affected by events outside of our control

Our business and operating results may be harmed due to interruption of our manufacturing by events outside of our control, including earthquakes and fires. Other possible disruptions may include power loss and telecommunications failures. In the event of a disruption, we may lose customers and we may be unable to regain those customers thereafter. Our insurance may not be sufficient to cover all of our potential losses and may not continue to be available to us on acceptable terms, or at all.

Our international operations will be subject to trade and anti-corruption laws and regulations

Due to the expected international scope of sales of our products once developed, we will be subject to a complex system of import- and export-related laws and regulations, including U.S. regulations issued by the Bureau of Industry and Security and the Office of Foreign Assets Control, as well as the counterparts of these agencies in other countries. Any alleged or actual violations of these U.S. and foreign regulations may subject us to government scrutiny, investigation and civil and criminal penalties, and may limit our ability to import or export our products or to provide services outside the United States. We cannot predict the nature, scope or effect of future regulatory requirements to which our operations might be subject or the manner in which existing laws might be administered or interpreted.

In addition, the U.S. Foreign Corrupt Practices Act and similar foreign anti-corruption laws generally prohibit companies and their intermediaries from making improper payments or providing anything of value to improperly influence foreign government officials for the purpose of obtaining or retaining business, or obtaining an unfair advantage. Recent years have seen a substantial increase in the global enforcement of anti-corruption laws. If we are determined to be in violation of these laws, rules and business practices, it may result in severe criminal or civil sanctions for us or our distributors, could disrupt our business, and could result in an adverse effect on our reputation, business and results of operations or financial condition.

Our success depends on key personnel whose continued service is not guaranteed

Our success depends, to a large part, upon the continued efforts of our executive team, but they may voluntarily terminate their employment with the Company at any time. The loss of services of any member of this executive team may have a material adverse effect on the Company. In addition, the members of our executive team will continue to devote time to other business and affairs outside of the Company. Consequently, there may be conflicts of interest in allocating management time between the Company and such other activities.

Our insurance coverage may not adequately protect us against losses

Our liability, casualty, and other insurance policies will be subject to customary limits on and exclusions from coverage. Certain types of losses (such as from wars or terrorist acts) are not insured because they are either uninsurable or not economically insurable, and punitive damages are not covered by insurance. Accordingly, an uninsured loss or a loss in excess of insured limits could have a material adverse effect on our financial condition.

Cybersecurity incidents could disrupt our business and result in the loss of confidential information

Our business is at risk from and may be impacted by cybersecurity attacks, including attempts to gain unauthorized access to our confidential data, and other electronic security breaches. Such cyber-attacks can range from individual attempts to gain unauthorized access to our information technology systems to more sophisticated security threats. While we intend to employ a number of measures to prevent, detect and mitigate these threats, there is no guarantee such efforts will be successful in preventing a cyber-attack. Cybersecurity incidents could disrupt our business and compromise our confidential information and the confidential information of our suppliers, customers, and employees and subject us to significant liability.

RISKS RELATED TO THE SECURITIES**An investment in the Securities is not a liquid investment, and transfer of the units is restricted**

The Securities have not been registered under the Securities Act or any state securities laws and are “restricted securities” as that term is defined in Rule 144 under the Securities Act. As restricted securities, the Securities may not be resold unless they are registered under the Securities Act and applicable state securities laws, or exemptions from such laws exist. We have no obligation to register the Securities. There is no market for any of our securities, and there can be no assurance that the purchasers of the Securities will be able to resell the Securities at any particular time or price. In addition, the Operating Agreement prohibits transfer of the Securities without the prior written consent of the Board of Managers. By investing in the Securities offered hereby, investors are agreeing to significant restrictions on the liquidity of Securities for the foreseeable future. As a result of all of these restrictions, investors in the Securities offered hereby may be required to bear the economic risks of their investment for an indefinite period of time. Any statement regarding “exit strategies” for investors in the Company should be considered speculative given the early stage of the Company.

The members of our executive team will have a significant ownership interest in, and therefore control over, the Company after this offering

Even if the maximum amount of the offering is sold, the members of our executive team and the entities that they control are expected to own a significant percentage, and could own a majority, of the outstanding membership interests of the Company. Members of our management team also represent a majority of our Board Members (as defined in the Operating Agreement). Consequently, regardless of the amount raised in this Offering, our management will have significant influence over the outcome of all votes of the Members, including the outcome of all Member votes on amendments to the Operating Agreement. In addition, pursuant to the Operating Agreement, members of our management team comprise a majority of the Company’s Managers, and therefore control the business and affairs of the Company. These Managers

will be able to authorize the issuance of additional securities, which will dilute the ownership of existing Members or may otherwise negatively affect the interests of existing Members.

The Securities do not impose any restrictions on the management of our business

Except as provided in Section 4 of this Agreement with respect to the use of proceeds from the issuance of the Notes, the terms of the Securities offered hereby impose no limitations on the operation of the business of the Company, including no limitations on the ability of the Company to incur indebtedness, no requirements as to the manner in which the products of the Company are developed or disposed of, whether additional properties are acquired, or any other matters. The rights of holders of the Securities are solely as provided in the Operating Agreement or by applicable law.

The offering price has been determined arbitrarily

The price at which the Securities are being offered has been determined by the management of the Company and does not bear any relationship to book value, earnings or other generally accepted criteria of value. The Company makes no representation about the value of the Securities.

After completion of this offering, we may not be able to meet our cash requirements without obtaining additional capital from external sources, and if we are unable to do so, we may have to curtail or cease operations.

We anticipate that our current cash and cash equivalents and cash provided by this offering and our operating activities will not be sufficient to meet our currently estimated cash requirements for the immediate future; we expect to continue to engage in fund raising immediately following this offering. In addition, we expect capital outlays and operating expenditures to increase over the next several years as we expand our infrastructure, commercialization, training and support, manufacturing and research and development activities. We operate in a market that makes our prospects difficult to evaluate, and we may need additional financing to execute on our current or future business strategies. The amount of additional capital we may need to raise depends on many factors, including, the level of research and development investment required to maintain and improve our products and to invest in the development of new products, the amount of future cash provided by or used in operating activities, and the costs of filing, prosecuting, defending and enforcing patent claims and other intellectual property rights.

We may not be able to achieve or maintain profitability. We cannot be certain that additional capital will be available when and as needed or that our actual cash requirements will not be greater than anticipated. If we require additional capital at a time when investment in console platform gaming companies or in the marketplace in general is limited due to the then-prevailing market or other conditions, we may not be able to raise such funds at the time that we desire or any time thereafter. If we are unable to raise additional capital, we may be required to curtail some or all of our operations, including commercialization and research and development efforts, and forced to forego otherwise valuable business opportunities. Any failure to raise additional capital when needed could have a material adverse effect on us. In addition, if we raise additional funds through the issuance of equity or convertible securities, the percentage ownership of our then existing members could be significantly diluted, and any such equity or securities may have rights, preferences or privileges senior to those of our then existing members. If we obtain additional debt financing, a substantial portion of our operating cash flow or other cash resources may be dedicated to the payment of principal and interest on such indebtedness, and the terms of the debt securities issued could impose significant restrictions on our operations. If we raise additional funds through collaborations and licensing arrangements, we may be required to relinquish significant rights to our technologies or products, or grant licenses on terms that are not favorable to us.

[Signature Page Follows]

(SIGNATURE PAGE TO SUBSCRIPTION AGREEMENT)

Investor hereby subscribes to purchase from Intellivision Holdings, LLC, a California limited liability company (the “Company”), a Convertible Subordinated Promissory Note in the principal amount of _____ (the “Note”), convertible into Class A Units of the Company in accordance with the terms of the Note. The purchase price for the Note is equal to the principal amount of the Note.

Print Name of Investor

Signature of Investor or Authorized Signatory

Print Name of Authorized Signatory (if Investor is an entity)

Title of Authorized Signatory (if Investor is an entity)

Tax Identification or Social Security Number

Street Address

City, State and Zip Code

Telephone Number

Fax Number

E-mail Address

ACCEPTANCE BY THE COMPANY

This Agreement which has been tendered by _____ for the purchase from Intellivision Holdings LLC, a California limited liability company (the “Company”), of a Convertible Subordinated Promissory Note in the principal amount of \$_____, convertible into Class A Units of the Company in accordance with the terms of the Note, for a purchase price equal to the principal amount of the Note, is hereby accepted.

INTELLIVISION HOLDINGS, LLC

By:_____

Name: Tommy Tallarico

Title: CEO

EXHIBIT A
FORM OF CONVERTIBLE SUBORDINATED PROMISSORY NOTE

[See attached.]